

*check*







In all Tamblyn dispensaries our pharmacists continue to maintain their high standards of professionalism and service.

**Front cover:** Tamblyn progress is symbolized by this advanced concept in modern marketing, located in the Toronto-Dominion Centre Concourse.

Highlights of the year

	Year ended March 30 1968	Year ended March 31 1967
Retail Store Sales	\$33,563,855	\$29,955,825
Profit before taxes on income	1,456,319	1,296,730
Net Profit	712,969	628,430
Net Profit per Common Share	2.45	2.15
Dividends per Common Share	1.05	1.05
Capital Expenditures for New Plant, etc.	462,880	451,934
Common Shareholders' Equity	5,825,663	5,430,100
Equity per Common Share	20.57	19.17
Number of stores at end of year	154	145

**Board of directors**

W. B. Downey, Phm.B.

**\*\***J. William Horsey, LL.D.

**\***A. H. Hutchinson, Phm.B.

**\***L. S. Mackersy, M.C.

W. A. Murray, Phm.B.

**\***N. S. Robertson, Q.C.

H. E. Roy, Phm.B.

E. N. Thompson, Phm.B.

**\*\***Chairman of the Board of Directors  
and Chairman, Executive Committee

**\***Member of Executive Committee

**Officers of the company**

*Chairman of the Board,*

J. William Horsey, LL.D.

*President and General Manager,*

A. H. Hutchinson, Phm.B.

*Vice-President,*

E. N. Thompson, Phm.B.

*Secretary-Treasurer,*

K. G. Allman, C.A.

**Stock transfer agents  
and registrars**

Canada Permanent Trust  
Company, Toronto

**Bankers**

Canadian Imperial Bank  
of Commerce

**Auditors**

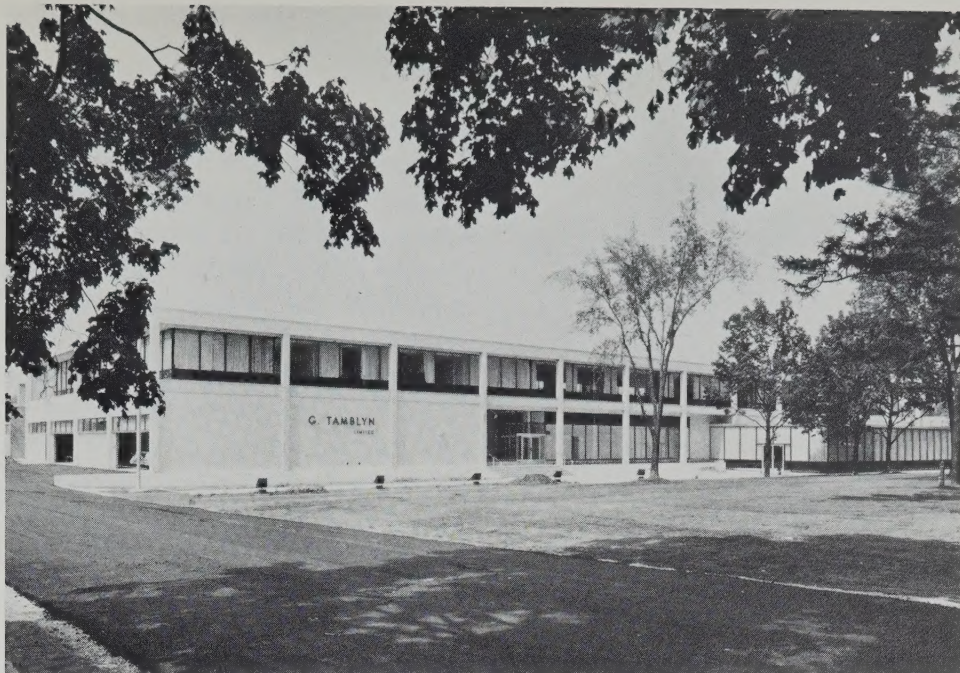
Price Waterhouse & Co.

**Administrative offices**

84 Sheppard Avenue East,  
Willowdale, Ontario

10575 - 114th Street,  
Edmonton, Alberta





Administrative offices and distribution centre in Willowdale.

mon share. After providing \$317,406 for such dividends, the balance of earnings for the year of \$395,563 was retained in the business for future development. Common shareholders' equity increased to \$5,825,663 or \$20.57 per share.

The favorable results above noted could not have been achieved without the dedicated co-operation and initiative of all concerned in our business. Your Directors again extend the Company's sincere appreciation to the Pharmacists and other employees in its 157 stores extending from Halifax to Edmonton, as well as in offices and warehouses. We are also appreciative of the co-operation received from suppliers.

#### **Profit Margin**

During the period under review, competition in the drug business accelerated considerably and the upward trend in operating costs, particularly wages, continued. Despite intensified competition and rising expenses, your Company was able to maintain a satisfactory profit margin.

To assist in offsetting these increased costs, through use of the analysis of stores mentioned later in this report, we feel that certain economies can be built into our operation which will enable us to remain competitive and still improve our profit.

#### **New Development**

In the ten months from June 1, 1967, to March 30, 1968, five new stores were opened and two were convert-

ed to Owl Discount operations (these do not have prescription departments). Three of our older units were remodelled, bringing them to new store standards of efficiency, and one low volume unit was closed. Six stores in London, Ontario, formerly operated by Cairncross & Lawrence Limited, were purchased. Five of these are making significant contributions to sales and profits. One that did not satisfy the requirements of our new operating standards has since been sold.

With a view to increasing volume, reducing operating costs and increasing our profit dollars, consultants have been engaged to examine our entire operation. This involves a detailed analysis of existing stores and also a study of growth patterns to point up where new developments

### **To the Shareholders**

On behalf of the Board of Directors, we are pleased to report the continued progress of G. Tamblyn, Limited.

Our fiscal year end has again been changed so that it will now terminate on the Saturday nearest the end of March. This step was taken to improve financial control and facilitate consolidation of financial statements.

Because our new year end coincided with major merchandising events, inventories of merchandise were higher than normal, but have since been reduced. Sales for the twelve months ended March 30, 1968, were \$33,563,855, an increase of \$3,608,030 or 12.04% over the year ended March 31, 1967. Net profit before income taxes was \$1,456,319, compared with a corresponding figure of \$1,296,730 for the previous year. The final net profit after tax was \$712,969.

After providing for dividends on preferred shares, earnings per common share were equivalent to \$2.45 per share, compared with \$2.15 for the previous year. Dividends were paid at the rate of \$2.00 on each preferred share and \$1.05 on each com-



### Prescriptions

Dispensing volume is continuing its upward trend. The number of prescriptions filled increased approximately 20% over the comparable period of the previous year. The steady growth in this department is the result of your Company's policy to provide the highest standard of professional service, which is being recognized more and more by the general public because of our continued institutional advertising program.

With the advent of Medicare, while it does not cover prescriptions, taking the British Government Health Service program as a guide, our prescription business should continue to expand.

### Board of Directors

It is with deep regret that we record the death of your former President, Mr. John E. Orns. Mr. Orns served the Company for thirty-seven years, including five years as President, and during this time made an outstanding contribution to its progress.

Following his sudden passing, the Board of Directors elected Mr. A. H. Hutchinson as President and General Manager; Mr. E. N. Thompson, formerly General Manager of the Ontario Division and a Director, was appointed Vice-President, Operations; Mr. W. B. Downey, formerly District Superintendent, was appointed General Manager of the Ontario Division and elected to the Board of Directors.

In December of 1967, Mr. Richard White, who had served the Company for nineteen years, retired as Secretary. His sound advice and counsel contributed substantially to the growth of the organization. Mr. K. G. Allman, C.A., formerly Treasurer, was appointed to the office of Secretary-Treasurer.

In July of 1968, the Board of Directors accepted with regret the resignations of Mr. J. A. Ferris and Mr. H. C. Johnston, both of whom have made valuable contributions to the Company. Their places have been taken by Mr. H. E. Roy, District Superintendent, and Mr. W. A. Murray, Purchasing Agent, Pharmaceuticals. Your Directors welcome these gentlemen as colleagues on the Board.

are likely to take place, and includes a survey of existing marketing areas where your Company is not now represented. A report outlining the results of this analysis is now in preparation and will provide a valuable supplement to our knowledge of the business.

At the end of the fiscal period, twenty-three new locations were under negotiation and it is anticipated that fourteen new branches will be opened during the present fiscal year.

Several of these will be super-size units. While our prescription department will still remain the focal point, these stores will carry a very complete line of non-drug sundries and should produce considerably greater volume than our former units.

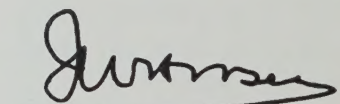
Concurrent with our program for the opening of new stores, we will continue our policy of closing small non-profitable units.

There are restaurant operations in some existing stores and more will be added in new units to be opened during the year. In order to increase our efficiency and profitability in our food departments, specialists in this field were consulted and as a result an entirely new concept in appearance and service has been created by introducing new decor and menu changes. Two of our existing restaurants will be converted to our new mode during the coming year.

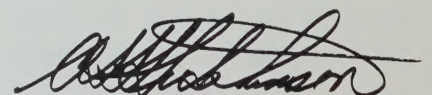
The implementation early in 1967 of many of the recommendations from a comprehensive study of corporate organization permitted these changes to be made with a minimum of disruption.

### Future Prospects

The outlook for the new fiscal year appears good. With the new developments that are taking place, the opening of larger stores, new merchandising techniques, an aggressive expansion program and enthusiastic management, we look forward to an acceleration in the rate of growth for your Company.



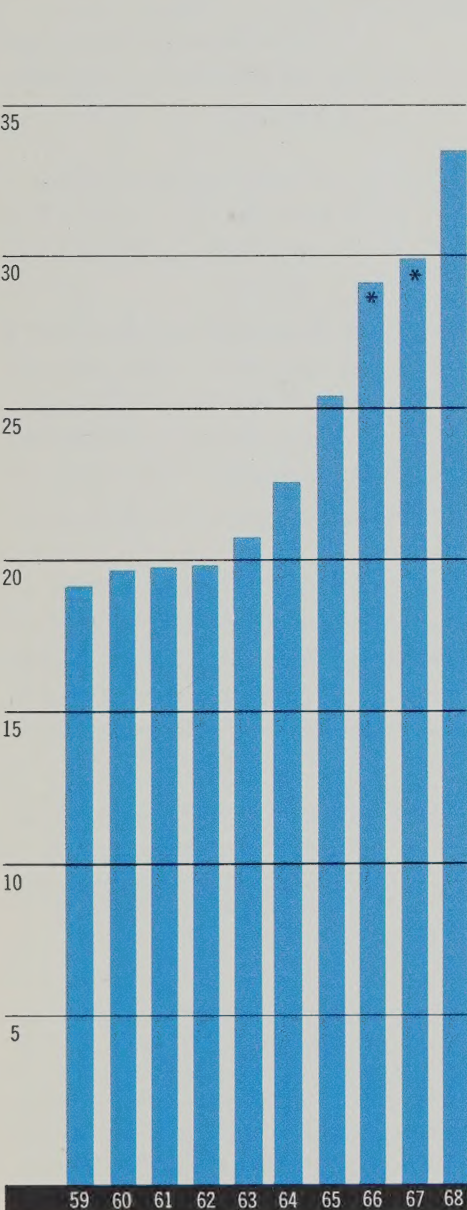
Chairman of the Board



President and General Manager



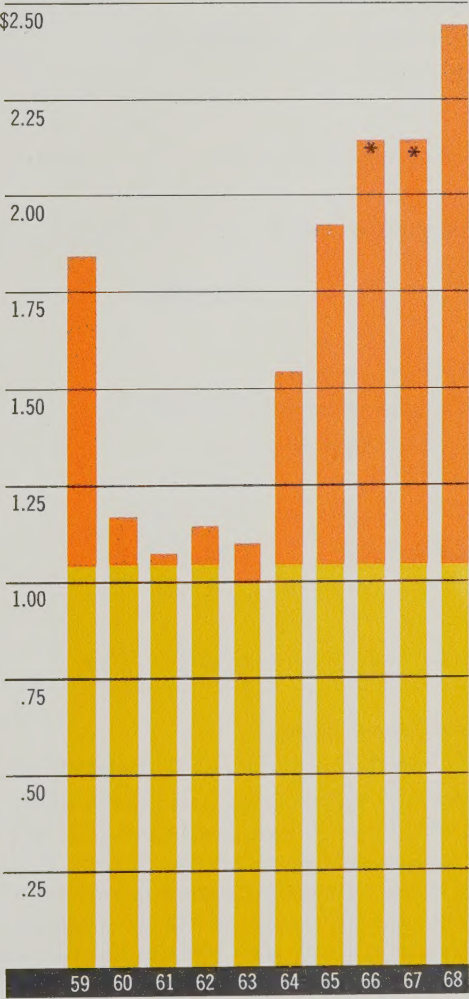
Retail store sales  
in millions of dollars



Shareholders' equity  
in millions of dollars



Net profit per common share  
Dividends per common share



\*In 1968 the year end was changed to the Saturday nearest to March 31. To permit comparison on a twelve month basis, the statistics shown are for twelve month periods ended March 30, 1968 and March 31, 1967. It should be noted that the twelve month period to March 31, 1967 includes the last nine months of the year ended December 31, 1966.



Consolidated balance sheet

	March 30 1968	May 31 1967
<b>Assets</b>		
<b>Current assets:</b>		
Cash and bank balances . . . . .	\$ 256,470	\$ 499,538
Accounts receivable . . . . .	553,649	459,065
Inventories of merchandise, valued on the basis of approximate cost, which is not in excess of net realizable value . . . . .	7,538,869	6,551,550
Prepaid expenses and supplies . . . . .	86,661	202,091
	<u>8,435,649</u>	<u>7,712,244</u>
<b>Fixed assets, at cost:</b>		
Buildings . . . . .	1,640,795	1,640,795
Furniture and fixtures . . . . .	4,503,189	4,454,312
Automobiles . . . . .	97,664	88,436
	<u>6,241,648</u>	<u>6,183,543</u>
Less—Depreciation . . . . .	3,325,757	3,206,980
	<u>2,915,891</u>	<u>2,976,563</u>
Leasehold improvements, less amount amortized . . . . .	649,721	604,589
Land . . . . .	695,289	695,289
	<u>4,260,901</u>	<u>4,276,441</u>
<b>Other assets:</b>		
Special refundable tax . . . . .	34,537	47,517
Miscellaneous advances . . . . .	65,262	55,094
	<u>99,799</u>	<u>102,611</u>
<b>Goodwill . . . . .</b>	<b>1</b>	<b>1</b>
	<u>\$12,796,350</u>	<u>\$12,091,297</u>

Auditors' Report

To the Shareholders of G. Tamblyn, Limited:

We have examined the consolidated balance sheet of G. Tamblyn, Limited and its subsidiary companies as at March 30, 1968 and the consolidated statements of profit and loss, earnings retained and source and disposition of funds for the ten months then ended. We have also examined the consolidated statement of profit and loss for the years ended March 30, 1968 and March 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 30, 1968 and the results of their operations and the source and disposition of their funds for the ten months then ended and the results of operations for the years ended March 30, 1968 and March 31, 1967, all in accordance with generally accepted accounting principles applied on a consistent basis.

May 30, 1968

Price Waterhouse & Co.  
Chartered Accountants.





The sophisticated and elegant environment of this new Tamblyn store makes effective use of the new concept in drug store merchandising.

	March 30 1968	May 31 1967
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Bank advances . . . . .	\$ 2,055,312	\$ 1,969,916
Dividends payable . . . . .	61,648	61,648
Accounts payable and accrued liabilities . . . . .	1,854,817	1,939,071
Income taxes payable . . . . .	589,310	46,375
Debenture payments due within one year . . . . .	—	160,000
	<u>4,561,087</u>	<u>4,177,010</u>
<b>Debenture debt (Note 2) . . . . .</b>	<b>1,570,000</b>	<b>1,630,000</b>
<b>Deferred income taxes . . . . .</b>	<b>339,600</b>	<b>338,700</b>
<b>Shareholders' equity:</b>		
Capital Stock—		
4% Cumulative Redeemable Voting Preferred Stock—		
Authorized—15,000 shares of a par value of \$50 each . . . . .	<u>\$750,000</u>	
Issued, fully paid—10,000 shares . . . . .	500,000	500,000
Common Stock—		
Authorized—400,000 shares of no par value		
Issued, fully paid—283,244 shares . . . . .	1,064,190	1,064,190
Excess of book value of net assets over the cost of the shares of a subsidiary company . . . . .	138,733	138,733
Earnings Retained, per statement attached . . . . .	<u>4,622,740</u>	<u>4,242,664</u>
	<u>6,325,663</u>	<u>5,945,587</u>
Approved on behalf of the board:		
A. H. Hutchinson, Director		
N. S. Robertson, Director	<u>\$12,796,350</u>	<u>\$12,091,297</u>





In cosmetic boutiques, trained Tamblyn cosmeticians provide expert beauty counsel.

Consolidated statement of profit and loss

	10 months ended March 30 1968	Year ended (Note 1) March 30 1968      March 31 1967	
Store sales . . . . .	\$28,516,532	\$33,563,855	\$29,955,825
Costs and operating expenses:			
Cost of goods sold . . . . .	18,475,332	21,766,572	19,281,154
Expenses other than the undernoted . . . . .	8,232,945	9,729,834	8,758,671
Depreciation of buildings and equipment . . . . .	300,315	355,091	364,490
Amortization of improvements to leased premises . . . . .	64,193	76,256	70,051
Interest on long term indebtedness . . . . .	70,646	85,756	96,727
Bank and other interest . . . . .	76,168	94,027	88,002
	<u>27,219,599</u>	<u>32,107,536</u>	<u>28,659,095</u>
Profit before provision for income taxes . . . . .	1,296,933	1,456,319	1,296,730
Provision for income taxes (including amounts applicable to future years) . . . . .	661,100	743,350	668,300
Net profit for the period . . . . .	<u>\$ 635,833</u>	<u>\$ 712,969</u>	<u>\$ 628,430</u>

Consolidated statement of earnings retained for the ten months ended March 30, 1968

Balance at May 31, 1967 . . . . .	\$ 4,242,664
Add—Net profit for the period . . . . .	635,833
	<u>4,878,497</u>
Deduct:	
Dividends—	
On preferred shares . . . . .	15,000
On common shares (85¢ per share) . . . . .	240,757
	<u>255,757</u>
Earnings retained at March 30, 1968 . . . . .	<u>\$ 4,622,740</u>



Consolidated statement of source and disposition of funds for the ten months ended March 30, 1968

Funds provided:		
Net profit for the ten months . . . . .	\$ 635,833	
Add—Charges against earnings which did not involve a current reduction in funds—		
Depreciation of buildings and equipment . . . . .	300,315	
Amortization of improvements to leased premises . . . . .	64,193	
Provision for deferred income taxes . . . . .	900	
	1,001,241	
Other items (net) . . . . .	2,812	
		\$1,004,053
Disposition of funds:		
Investment in fixed assets (net) . . . . .	348,968	
Reduction in debenture debt during period . . . . .	\$220,000	
Less—Included in current liabilities at beginning of period . . . . .	160,000	
	60,000	
Dividends . . . . .	255,757	
		664,725
Resulting in an increase in working capital . . . . .		339,328
Working capital May 31, 1967 . . . . .		3,535,234
Working capital at March 30, 1968 . . . . .		\$3,874,562

Notes to consolidated financial statements March 30, 1968

1. Effective March 30, 1968 the company has changed its year end from May 31 to the Saturday nearest March 31. Accordingly, the consolidated statements of profit and loss, earnings retained and source and disposition of funds are for a ten month period. For comparative purposes, consolidated statements of profit and loss are also shown for the years ended March 30, 1968 and March 31, 1967.

2. Debenture debt:	March 30 1968	May 31 1967
4% Sinking Fund Debentures Series A maturing on April 1, 1975, entitled to annual sinking fund deposits of \$50,000	\$ 300,000	\$ 400,000
5¼% Sinking Fund Debentures Series B maturing on April 1, 1978, entitled to annual sinking fund deposits of \$65,000 . . . . .	645,000	715,000
5½% Sinking Fund Debentures Series C maturing on April 1, 1982, entitled to annual sinking fund deposits of \$45,000 . . . . .	625,000	675,000
	1,570,000	1,790,000
Less—Payments due within one year, included in current liabilities . . . . .	—	160,000
	\$1,570,000	\$1,630,000

Sinking fund requirements are being met by the purchase and cancellation of Sinking Fund Debentures. During the ten months ended March 30, 1968 the company purchased \$60,000 in excess of the annual requirement due on April 1, 1968. This excess will be used to reduce the required payment due April 1, 1969.

3. There were 79 real estate leases in effect at March 30, 1968 which extend for periods longer than five years from that date. The aggregate minimum rentals to be

paid under these leases are as follows for each of the periods shown:

1969-1973 . . . . .	\$4,252,000
1974-1978 . . . . .	3,348,000
1979-1983 . . . . .	1,677,000
1984-1988 . . . . .	638,000
After 1988 . . . . .	21,000
	\$9,936,000

Total rent charged to expense in the ten months ended March 30, 1968 in respect of long term leases amounted to \$854,151 including rentals based on a percentage of sales (exclusive of taxes, insurance and other expenses required under certain leases).

4. Remuneration of directors and senior officers, including \$31,611 paid to senior officers who were not directors, amounted to \$172,265 in respect of the ten months ended March 30, 1968.

5. As compared to previous financial statements minor reclassifications have been made in the consolidated balance sheet between miscellaneous advances and accounts receivable and between bank advances and cash and bank balances. The 1967 amounts have been similarly reclassified.





A wonderful world of fragrance is created in every Tamblyn store by an outstanding selection of imported perfumes and colognes.

### Ten year statistical review

Number of stores at end of year
New stores added during year
Retail store sales
Net income before provision for income taxes
Provision for income taxes
Net earnings after income taxes
Dividends on preferred shares
Net earnings per common share
Dividends per common share
Total dividends
Working capital
Net book value of real estate, store equipment and improvements
Capital expenditures for new plant, store equipment and improvements
Long term mortgage and debenture debt
Common shareholders' equity
Equity per common share

### Distribution of income for the year ended March 30, 1968

	\$	%
<b>Paid to suppliers</b> for merchandise and supplies, including shipping and handling charges	21,766,572	64.85
<b>Paid to employees:</b> Salaries and employee benefits	5,894,205	17.56
<b>Operating and maintenance</b>	4,050,170	12.07
<b>Advertising</b>	333,222	.99
<b>Promotion and business relations</b>	63,367	.19
<b>Taxes on income,</b> payable to Federal and Provincial Governments	743,350	2.21
<b>Paid to shareholders:</b> Dividends on Preferred and Common Shares	317,406	.95
<b>Retained in the business:</b> The balance available from the year's operations to provide for continued development and for working capital requirements was	395,563	1.18
<b>Total Sales</b>	33,563,855	100.00





Novel decor in Men's Bar identifies Tamblyn's masculine grooming centre as a potent sales builder in the new market for men's toiletries.

Mar. 30 1968	Mar. 31 1967	Dec. 31 1966	Dec. 31 1965	Dec. 31 1964	Dec. 31 1963	Dec. 31 1962	Dec. 31 1961	Dec. 31 1960	Dec. 31 1959
154	145	145	140	137	133	134	134	133	131
11	12	12	6	7	5	5	4	5	4
\$33,563,855	\$29,955,825	\$29,175,949	\$25,460,478	\$22,599,018	\$20,735,641	\$19,879,310	\$19,830,260	\$19,742,489	\$19,185,982
1,456,319	1,296,730	1,300,891	1,137,633	936,565	643,602	654,180	591,685	823,319	1,099,046
743,350	668,300	673,000	570,000	477,000	309,000	308,000	267,000	468,000	554,000
712,969	628,430	627,891	567,633	459,565	334,602	346,180	324,685	355,319	545,046
20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
2.45	2.15	2.15	1.93	1.55	1.11	1.15	1.08	1.18	1.85
1.05	1.05	1.05	1.05	1.05	1.00	1.05	1.05	1.05	1.05
317,406	317,406	317,406	317,406	317,406	303,244	317,406	317,406	317,406	317,406
3,874,562	3,697,376	3,617,785	3,631,597	3,336,523	3,748,369	3,730,232	2,929,887	3,191,378	3,127,746
4,260,901	4,255,303	4,305,534	4,151,893	4,152,209	3,922,729	4,059,625	4,062,557	3,887,344	3,973,724
462,880	451,934	621,112	529,592	751,236	288,254	422,921	626,025	335,883	1,218,775
1,570,000	1,790,000	1,790,000	1,950,000	2,114,599	2,310,275	2,480,462	1,725,181	1,849,455	1,973,303
5,825,663	5,430,100	5,401,480	5,090,995	4,840,768	4,723,558	4,692,200	4,692,676	4,685,397	4,647,484
20.57	19.17	19.07	17.97	17.09	16.68	16.57	16.57	16.54	16.41

In 1968 the year end was changed to the Saturday nearest to March 31. To permit comparison on a twelve month basis, the statistics shown are for twelve month periods ended March 30, 1968 and March 31, 1967. It should be noted that the twelve month period to March 31, 1967 includes the last nine months of the year ended December 31, 1966. The figures shown above for the years 1959 to 1963 have been adjusted to reflect the provision for income taxes which were deferred in those years. The provision for these deferred income taxes, formerly disclosed in a note to the Balance Sheet, was made in the year 1964.



117 Tamblyn stores  
in 29 Ontario Communities

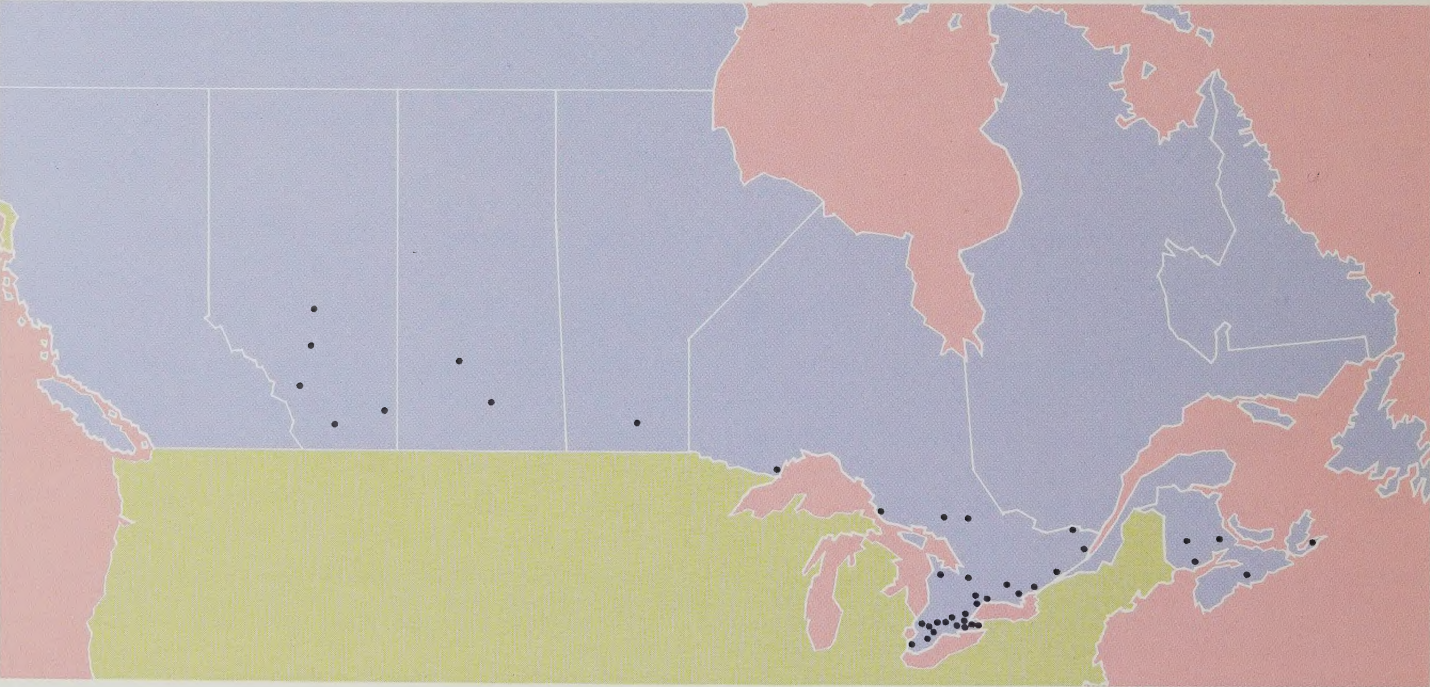
Barrie . . . . .	1
Belleville . . . . .	2
Brantford . . . . .	1
Brockville . . . . .	1
Chatham . . . . .	1
Cornwall . . . . .	2
Guelph . . . . .	3
Hamilton . . . . .	4
Kingston . . . . .	2
Kitchener . . . . .	4
London . . . . .	9
Niagara Falls . . . . .	1
North Bay . . . . .	2
Oshawa . . . . .	3
Ottawa . . . . .	6
Owen Sound . . . . .	1
Peterborough . . . . .	3
Port Arthur . . . . .	1
Richmond Hill . . . . .	1
St. Catharines . . . . .	2
Sarnia . . . . .	1
Sault Ste. Marie . . . . .	2
Stoney Creek . . . . .	1
Stratford . . . . .	1
Sudbury . . . . .	3
Toronto . . . . .	50
Waterloo . . . . .	2
Welland . . . . .	2
Windsor . . . . .	5

35 Tamblyn stores in  
Western Canada

Calgary, Alta. . . . .	10
Edmonton, Alta. . . . .	13
Lethbridge, Alta. . . . .	1
Medicine Hat, Alta. . . . .	1
Red Deer, Alta. . . . .	1
Regina, Sask. . . . .	3
Saskatoon, Sask. . . . .	1
Winnipeg, Man. . . . .	5

5 Tamblyn stores in  
the Maritime Provinces

Dartmouth, N.S. . . . .	1
Sydney, N.S. . . . .	1
Fredericton, N.B. . . . .	1
Moncton, N.B. . . . .	1
Saint John, N.B. . . . .	1





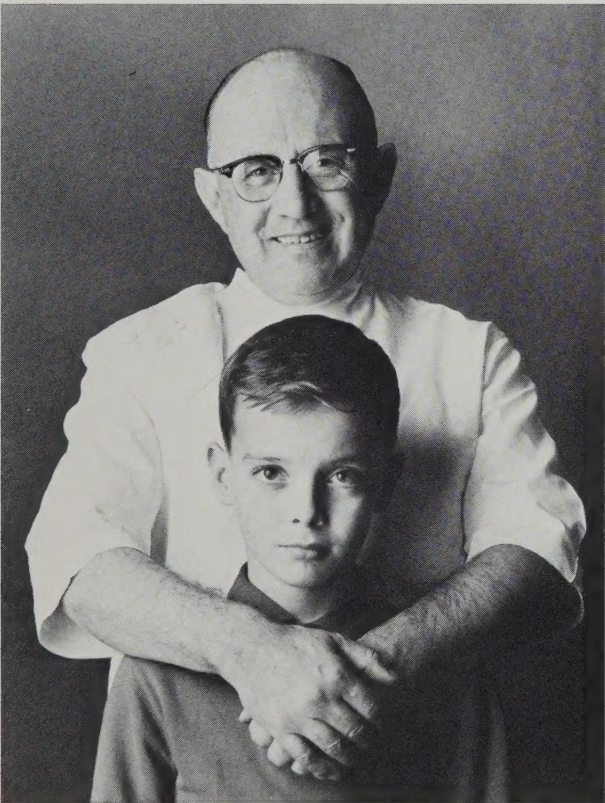


When someone's sick at your house, your doctor comes first.  
But Tamblyn can be a close second.

Your doctor has just left. He'll be fine, he said, start this as soon as you can. But when you look down at the flushed little face on the pillow you feel a flutter of urgency.

That's the time to let Tamblyn take over. It's reassuring to know that Tamblyn is ready to pick up your prescription and deliver it, in any weather. Sometimes it's

a worry to wait. So after your doctor has left, just call Tamblyn. We'll pick up the prescription and deliver it quickly and without fail. Why wait? Call Tamblyn.



When your child is sick,  
trust Tamblyn to get that prescription to you in a hurry.  
We've got kids of our own.

We know how you feel. Believe us. Your child is sick and all you know is that you want him better. So when your family doctor writes a prescription, call Tamblyn. And then

relax a little. It will be picked up, filled, and delivered by people who know just what you're going through. So we try just that much harder to get it to you as fast as we can.

We're mothers and fathers ourselves. The next time you have a sick child, remember. He'll get the same care and attention as if he were one of our own. We know you'd do the same for us.



AWARD OF THE YEAR  
—FROM MARKETING

OUTSTANDING  
ADVERTISING  
CAMPAIGN

1966

to  
G. TAMBLYN LTD.

and its agency

GOODIS, GOLDBERG, SOREN LTD.

for

ITS PRESCRIPTION DELIVERY  
CAMPAIGN

in acknowledgment of outstanding advertising creativity

Tamblyn Drug Stores continue to lead the retail drug industry with institutional advertising campaigns in newspapers and on radio. The objectives are to maintain the high level of consumer awareness of the Tamblyn name and to symbolize Tamblyn as a modern, progressive and reputable company.

In 1967, Tamblyn received the Marketing Magazine "Outstanding Newspaper Advertising Campaign" award and this year, won honorable mention for our radio theme.





YOUR FAMILY'S HEALTH  
IS OUR FIRST CONCERN

## OUR CREDO

### For the buying public

We believe that we should provide the widest selection of reputable merchandise at the most reasonable prices commensurate with quality, in attractive, convenient surroundings and that we should maintain the highest standards of the profession of pharmacy for the public health and welfare.

### For our shareholders

We believe it is our responsibility to plan our many-sided operations for maximum efficiency and the fullest development of the business opportunities afforded by Canada's expanding population and economy . . . to ensure a fair return to our shareholders and a steady appreciation in the value of their investment which makes this Company possible.

### For our employees

We believe we should provide our employees with the training, security, opportunities and working conditions which enlist their loyalty and promote efficiency in the interests of our customers and the Company.